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The Family Contract in Soviet Agriculture

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Summary

The family contract has emerged as a potentially significant element of Gorbachev's strategy for boosting Soviet agricultural production. A variant of the Gorbachev-backed collective contract system in which the farm management subcontracts some aspects of farm work to groups of workers and pays them on the basis of what they produce, the family contract is now being introduced in a wide range of farming activities. First viewed as suitable only for labor-intensive crops or in remote areas where large-scale mechanized agriculture was not possible, the family contract is now also being tried out in some of the major high-technology fields of grain growing and livestock raising.

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Despite the fears of ideological conservatives that the family contract could spell a retreat from socialized agriculture, support for it has grown, partly because of its demonstrated advantages over more customary forms of organizing agricultural labor and because it promises a quick payoff without major new investments. But new interest possibly also stems from the regime's frustration over the failure of other economic measures introduced in past two years to make the expected improvements in agricultural performance.

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The regime's promotion of family contracts comes against the background of an emerging debate over Stalin's forced collectivization in the 1930s, a debate that could have implications for future agricultural policies. Reformers have begun openly to question not only the way collectivization was carried out, but also the rigid form that the collective farm system took. While it is unlikely that Gorbachev will push for a wholesale repudiation of collectivization, he does appear bent upon introducing greater flexibility into socialized agriculture. The widespread introduction of family contracts and small team leasing arrangements would involve major changes in the organization and structure of collective and state farms as they have existed for the past 50 years. This and other agricultural questions are to be discussed at a forthcoming central committee plenum. Given the controversial nature of the issues, the plenum is likely to be preceded by increasingly sharp debate.

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This paper was prepared by [redacted] the Office of Soviet Analysis. Comments and questions may be directed to the Chief, National Issues Group [redacted]

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Whether the family contract in the Soviet Union can fulfill the role that Gorbachev sees for it, will ultimately depend on the prospects for reform of the economy as a whole. As Soviet reformers point out, the family cannot have real independence and exercise initiative if the farm itself does not have such independence. The "proprietary" spirit that the regime claims to want to unleash is fragile, and past Soviet experience has proven that it takes only a little heavy-handed interference to kill it. [REDACTED]

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New Emphasis

The concept of family contracting attracted scant leadership attention only a year ago, but it has now become a central focus as searches for solutions to the troubled state of Soviet agriculture. In his report to the June Central Committee plenum on economic reform, Gorbachev devoted almost all of his remarks on agriculture to a lengthy and enthusiastic endorsement of family contracts. He described case after case of individual family operations mostly in dairy and livestock farming, arguing that their experience proved that the combination of highly motivated labor and modern technology could achieve a breakthrough in the growth of agricultural production. He seems deliberately to have chosen the most large-scale and independently operating family ventures, although they are the least common kind, presumably to convey the message that there are no limits to the adaptability of the family contract in Soviet agriculture.

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Gorbachev returned to this subject on 5 August in his impromptu speech at a collective farm outside of Moscow. He for the first time broached the idea of "leasing" land and capital inputs to families and other small contracting units as a way of making them feel "genuine owners" of the land allotted to them. He also announced that the Politburo had decided to hold a Central Committee plenum within the next year to deal with the whole range of agricultural issues. The family contract is likely to play a key role in Gorbachev's agricultural strategy, judging from the amount of attention he has devoted to it recently.

Gorbachev's enthusiasm has been echoed by his two key lieutenants for agriculture, Politburo member and Central Committee Secretary Viktor Nikonov and First Deputy Premier and Gosagroprom chairman Vsevolod Murakhovskiy. In an interview published in Trud, Murakhovskiy, for instance, called for the bolder introduction of the family contract with "obligatory long-term assignment of land...to enterprising and industrious people." Aleksandr Yakovlev, who was promoted to full member of the Politburo at the June plenum and is a strong reform advocate, appears equally enthusiastic. In an article in the May issue of Kommunist, he decried the stupidity of condemning the family contract as an "historically obsolete form," arguing that it is "capable of providing two or three times the productivity of other forms of labor organization."

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Promoting a Proprietary Attitude

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Attention to family contracts in agriculture--like recently adopted measures promoting individual and cooperative activity in the service and consumer sphere--reflects Gorbachev's long-established preference for small-scale organizations that encourage a "proprietary" attitude. While he has only recently given public support to family contracts, he has long supported policies that favored their introduction. When he served as Stavropol Kray first secretary in the 1970s, Gorbachev championed the "autonomous link" concept on collective farms, whereby small teams of workers are assigned a piece of land for cultivation, given relative freedom to organize their own work, and paid on the basis of what they produce. Although not publicly acknowledged,

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[redacted]

some of these links, possibly quite a few, were organized along family lines. With the growing conservative tide of the late 1970s the link movement faded. -1- [redacted]

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At a 1983 conference in the Russian city of Belgorod, Gorbachev, then CPSU secretary for agriculture, launched a major campaign in support of the the collective contract system--a more all-embracing concept than the "link"-- that allows for large brigades as well as small teams and varying degrees of independence. Gorbachev, however, expressed a strong preference for those organized along the lines of the more innovative "links" of the past. Wherever possible, he said, the contracting group should be small, have full "independence" in carrying out tasks, and operate on the basis of a long-term contract. [redacted]

25X1 The collective contract campaign appears to have given a strong impetus to the spread of family variants. In particular, the introduction of the concept of a formal contract appears to have imparted a greater degree of legitimacy and respectability to such ventures, enhancing the authorities' ability to regulate relations between the family and the farm management and permit better planning and control. -2- Following the Belgorod conference, articles began to appear in the central press describing successful experiments with family-run enterprises, in one case a small dairy farm in Estonia, in another the restoration of family farms in remote mountain areas of Georgia. [redacted]

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References in the press to local experiments with family-based contracts became more frequent after Gorbachev became General Secretary in early 1985, but it was not until recently that this form of collective contract attracted more vocal support in leadership ranks.

- o In his report to the 27th Party Congress in February 1986, Gorbachev made a favorable reference to family contracts. Although only noted in passing, this was the first public expression of support for family contracts by a high-level Moscow official.
- o Party approval followed in December, when an authoritative Central Committee decree published on the collective contract system described the family contract as an "increasingly popular" form of collective contract and stressed that it should be developed in every way.

-1-The link movement has had a long and controversial history. Efforts to introduce it were repeatedly undermined in 1960s and 1970s by hostile bureaucrats and one Politburo member, Gennadiy Voronov, ultimately lost his job because of his overly zealous public support for it. [redacted]

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-2-Family-based farming had been quietly tolerated in some isolated areas for years. For instance, a Western correspondent who visited a reindeer farm in Siberia in 1983, was told that their brigades had always been extended families, and each had always had responsibility for specific herds. What was new was the long formal contract. [redacted]

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- o At a follow-up Central Committee conference in late January 1987, party secretary for agriculture Viktor Nikonov expanded on the virtues of the family-based contract, calling it an "enormous reserve" for increasing agricultural output. He cited the example of a machine operator and his family who were obtaining prodigious yields of sunflowers on 341 acres that they farmed on a collective farm in Krasnodar.
- o Gorbachev also praised family contracts on several occasions during his tour of the Baltic republics in March 1987, foreshadowing his vigorous promotion of the concept at the subsequent June plenum.

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Agricultural Reform Program Stalled?

The emergence of the family contract as a key element of Gorbachev's agricultural strategy comes at a time when other reform measures introduced earlier in Gorbachev's tenure appear to have bogged down.

- o The November 1985 reorganization and the creation of the State Agro-industrial Committee (Gosagroprom) has by most indications proved a disappointment. The merger of a number of the agriculture-related ministries has not measurably reduced departmental disunity as hoped or freed farms from petty interference from above.
- o Various measures to give regional and farm authorities greater operational independence and provide better production incentives, particularly the expanded right given farms to sell some of their planned procurement (or state deliveries) on the open market, have had little impact.
- o At the same time, the regime continues to encounter problems successfully introducing on a wide-scale basis the non-family types of collective contracting, particularly the larger contract brigades.

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As a result, the agricultural sector which many reformers thought should and could serve as a model for the economy as a whole, leading the way in developing a reform program, found itself bringing up the rear. The agriculture sector was hardly mentioned in the decisions of the June plenum, although it will of course be affected by the general economic reforms Gorbachev proposed. The law on state enterprises, for instance, applies to state farms.

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Gorbachev's failure to push for such measures as the elimination of procurement targets and expansion of free trade in agricultural machinery and produce, as reformers have long urged, suggests that he may have concluded that such an approach would not work in the absence of basic reforms in pricing and other financial mechanisms in the economy as a whole. Gorbachev's emphasis on family contracts, clearly reflects his belief that unleashing individual initiative can produce a quick payoff in increased productivity; one that does not depend on a reform of the entire economic system or major increases in investment. The forthcoming plenum on agriculture is probably intended to address the more basic issues of economic reform in agriculture.

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Small is Better

One of the principle reasons for the heightened interest in family contracts is the increasing problems being encountered with other types of collective contracts, particularly large contract brigades. Although the collective contract system--which calculates wages on the basis of the group's total output rather than on an individual piece-work basis--is being introduced widely, it has yet to pay off. In his January conference report, Nikonov charged that, although 50 percent of the labor on sovkhozes and kolkhozes now uses this method, there has been virtually no increase in labor productivity, thus indicating that high-performing links are still few and their success more than offset by the poor showing of the majority. []

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Complaints in the press indicate that overly confusing and complex accounting, difficulty in dividing wage and bonus payments among members, failure of incentives to encourage thrift, and frequent contract violation, particularly by farms, were severely limiting gains from this system. The December 1986 decree asserted that experience under collective contracting had shown that the system worked best with small labor collectives and by singling out the family contract strongly implied that it worked best of all. []

Public discussion of family-based farming has highlighted high income potential, the opportunity for independent responsibility, and the chance to combine work and child-rearing as primary advantages for the participants. From the regime's point of view the family-based unit has a number of advantages over regular teams: -3-

- o Families are more likely to bring private plot motivation to the socialized sector--to see the same direct tie between effort, results, and reward as exists in private agriculture. The regime is counting on these incentives to reduce losses and raise productivity.
- o Family contracts are easier to administer. They are not as likely to disband over internal disputes, particularly those involving the division of payments.
- o Recordkeeping is simplified and the need for managerial oversight is reduced.
- o Families can make use of part-time help of their members and take on some farming activities that are not suited for regular teams, such as the management of remote dairy operations or mountain homesteads, that otherwise would be abandoned.
- o Children have an opportunity to become familiar with farm machinery--an opportunity afforded farm children in the United States, but rarely available to Soviet children []

-3-A family unit can involve any number of generations or can be an extended family group. The family contract in the European part of the USSR, however, typically consists of a man and wife and their young children or a grown child and spouse. In Central Asia where the birthrate is higher, the family contracting units tend to be larger. []

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Basic Features

There are now many diverse kinds of family contracts. Probably the most common is one in which an individual family contracts with a farm to raise or fatten livestock on the family's private plot. This arrangement, widely promoted in the early 1980s and still encouraged, is naturally limited by the small size of most private plots and is not, in any event, what Soviets usually have in mind when referring to the family variant of collective contracting. The latter involves the organization of work in the public sector. The family may be assigned just one stage of an operation, such as weeding, or the entire cycle of cultivation as in the case of the sunflower operation in Krasnodar. The family contract is also being used for livestock production. It can, for instance, involve family management of a livestock section or the tending of flocks in nomadic grazing areas. [REDACTED]

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The Soviets have not published any statistics on the overall number and kinds of family contracts or their contribution to agricultural output. From scattered reports in the press, it is evident that they are growing in number, especially in some non-Russian republics that have a strong tradition of family farming and where the terrain often makes large-scale farming difficult. [REDACTED]

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The Georgian experiment in switching loss-making farms over to family contracting is being expanded to all remote mountain districts, according to press reports, and is also being studied by neighboring Dagestan, where officials are looking for ways to revive mountain villages that had been relocated into the valleys many years ago. Family contracts are also common in mountainous areas of Central Asia. Pravda recently carried a front page report that in mountainous Altay Kray half of all mutton and wool is produced by families on the contract system. The results of their labor, it noted, are much higher than the average indicators for the farms. [REDACTED]

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Family contracts are now common in the cultivation of many crops. In addition to sunflowers, the family contract is reported to have become widespread in the cultivation of vineyards and in the raising of other labor-intensive crops such as hops, silk worm cocoons, tobacco, and to some extent cotton. Much of this activity is concentrated in heavily populated areas of the Caucasus and Central Asia. [REDACTED]

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In addition, while many of the families under contract appear to be little more than field hands, some family contracts, including those singled out by Gorbachev, obviously involve fairly large-scale operations--not in Soviet terms, but certainly when compared with private plots. One Estonian family livestock operation is described as having a "farm house, fenced pasture, and fully mechanized barn, complete with milking machines, automatic feed conveyor, and refrigeration"--in outward features seemingly indistinguishable from a Western family farm. [REDACTED]

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According to Soviet press reports, there are now over 125 family-run farmsteads in Estonia and many in Lithuania and Latvia as well. Most are small, handling about 50 cows. One, however, is reportedly large enough for 100 cows and another is to be expanded to handle 500. These are generally remote farmsteads that were left on the fringe after consolidation of the collective farms. Similar livestock facilities are now being

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renovated and switched to family contracts in other areas, particularly in the vast Non-Chernozem (non-black soil) region of northwest Russia, an economically depressed area where fields are scattered, villages small, and skilled labor in critically short supply.

A Solution for the Russian Heartland?

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The sorry plight of farming in this region of the Russian Republic is a testament to the folly of much of Soviet central planning. A program was launched in the late 1960s to revitalize the region through large scale reclamation works, the consolidation of small villages into urban-type centers, and the construction of industrialized livestock enterprises. Ill conceived and poorly executed, the program led to the further flight to the cities, leaving abandoned villages and large livestock complexes with few livestock, insufficient feed, and no skilled hands to take care of them. Soviet reformers often point to this situation to justify the need for radical measures. "The degradation of the Non-Chernozem has gone so far," charged Soviet economist Nikolay Shmelev in his controversial June 1987 Novyy Mir article, "that probably no measures within the existing system of agriculture will help." Perhaps the only solution for reversing this trend, he argued, is the introduction of the family contract and the renting out of unused or infertile land to anyone who wants it.

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In his June plenum speech, Gorbachev particularly stressed that the family contract could make a major contribution to the revitalization of farming in the Non-Chernozem. Several of the specific family contracts that he mentioned involved the renovation of abandoned farmsteads in that area and he urged that efforts to reclaim such farms under family contracts be increased. He also advanced a new initiative to increase the availability of small country places for urbanites, proposing that existing restrictions be lifted so that farms could rent vacant houses and land to any and all comers. It makes no sense, he admonished, that more than 800,000 farmhouses lie abandoned in the Non-Chernozem region, while urban residents are clamoring for some place where they can grow some vegetables and spend their leisure time. He suggested that the families could raise some produce on a contractual basis with the farm.

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Gorbachev's wholehearted support of expanded private initiative in the Non-Chernozem farming region was probably motivated by political as well as economic considerations. By emotionally playing up the plight of the region--"our heart bleeds for the Non-Chernozem," he told a subsequent media conference--Gorbachev may have hoped to appeal to Russian nationalists for whom the disappearance of the traditional Russian village is a highly emotional issue and who are likely to be suspicious of innovations pioneered by non-Slavs. He appears deliberately to have played down the family farm's association with minority areas. Although family farms got their start and are most widespread in the Baltic, Central Asia, and the Caucasus, all the individual family contracts that Gorbachev described involved either Russian, Ukrainian, or Belorussian--that is Slavic--families.

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Wager on the Strong

The essential point of the family contract is that it is organized as an integral part of the farm and all its business is carried out through the farm management. The farm management provides whatever facilities, machinery, and other supplies the family cannot provide itself in return for a set amount of produce at a predetermined price and a bonus for any above-plan amount produced.-4- In crop farming, the family receives monthly advances and a final settlement is made after the harvest. With the present emphasis on self-financing, an effort is now made to take account of all production costs. The family "pays" for all materials and services provided by the farm and keeps any "profit" left after all expenses are accounted for. The wages of family contracting units are generally three to five times those of the average state farm worker.

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The regime has recently begun to experiment with a new type of "minilink"--referred to as an intensive labor collective, or the Russian abbreviation KIT--which attempts to marry the concept of a small (no more than three to five people), stable labor group operating under principles of self-financing with that of intensive technology. While the minilink need not be made up of family members, those that have been publicized so far are. The experiment was first introduced in grain growing, an area of farming that only several years ago was considered by family farm advocates as probably not suitable for family contracts. The most celebrated KIT is that of the three Kozhukhov brothers who are cultivating wheat and feed crops on 3,000 acres in Novosibirsk using the most modern methods and are reportedly producing 5 to 6 times as much output per hectare as neighboring collective farms. According to Soviet spokesmen, the brothers are operating on a long-term contract with the farm from which they "rent" machinery for the full period of depreciation and "hire" outside help for those brief periods it is needed. Advocates claim that their example and others like it disprove the notion that the family contract is somehow only suited where there are "gaps" in technology.

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Gorbachev made much the same point in his June plenum report. He quoted the Kozhukhov brothers as saying that what they like was not just the high earnings, but the autonomy and the pride in doing a needed job. Similar links could, Gorbachev emphasized, provide a breakthrough both in labor productivity and in the rate of growth of agricultural production. He complained that unfortunately there are still too few of them and urged that they be applied widely in livestock farming.

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-4- A certain portion of the remuneration can be paid in the form of products in kind, such as feed or young animals. In a 29 July interview in Trud, Gosagroprom chief Vsevelod Murakhovskiy urged that greater use be made of this system as a way of helping individuals develop their own private plots.

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Problems and Limitations

A variety of problems have come to light as the use of family contracts has expanded. The press has recently begun to mention some of the difficulties faced by contracting families, indicating that they are experiencing some of the same problems that regular contracting teams face. Most of the complaints are directed at farm management; they include the use of coercion when drawing up contracts and failure to observe contract agreements, particularly in the supply of feed. Other reports indicate that farm managers also take advantage of families by "relying on their enthusiasm alone," saddling them with dilapidated premises and broken-down machinery. As a result, some families reportedly work hard for a year or so and then leave. [redacted]

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It is also important to remember the various constraints under which the family--even the Kozhukhovs-- must operate and the rights they do not have:

o They have no access to the open market since all that they raise under contract is sold through the farm. The question of whether families should be allowed to dispose of above-plan production seems to be still a matter of dispute and is apparently handled differently in different places, judging by press reports.

o They do not own the livestock they care for and cannot, for instance, get rid of poor stock without the permission of the farm.

o They are dependent on the farm for all machinery, industrial materials such as fertilizer, and all services.

o The costs that they incur for the use of the land and machinery, and for various services, and the price they are paid for their output are all calculated on the basis of norms which are often arbitrarily arrived at. [redacted]

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Criticism and Opposition

Despite the controls under which the family contract operates, resistance to its expansion appears to be widespread. Many farm chairmen are reluctant to cede operational independence to contracting teams, family-based or otherwise. Faced with often unrealistic demands from above, farm chairmen fear that they will be caught in the middle, that the introduction of any collective contract system will reduce their ability to maneuver scarce material and labor resources. Team autonomy also threatens the jobs of many local bureaucrats who will no longer be needed to monitor every aspect of farm work. Moreover, there is widespread disapproval of the relatively high earnings that the successful teams make. [redacted]

In the case of family contracts there is also strong opposition on ideological grounds--centering on concern that they mark a return to private property. Several generations of Soviet citizens have been conditioned to believe that political power is ultimately based on control of the means of production. Many Soviets, either through direct experience or through indoctrination remember the kulaks--a rich peasant class that was liquidated by collectivization--with distaste. [redacted]

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These fears have been evident in some comments on the family contract. One article on the Georgian experiment with mountain farms claimed that it was not tried earlier because the family contract was considered "something obsolete, inappropriate for socialist production." The article said that some had even accused republic leaders of calling for the virtual "dissolution of kolkhozes and sovkhozes." Family livestock farms in Estonia also reportedly have many opponents, some evidently influential enough to make their views known in the local press. One individual wrote that he hoped the interest in family farms was "a fad, just like corn was; otherwise we will be back to the old, from where we started 35 years ago." He ended with the warning that "the political content of economic measures must not be overlooked," an oblique reference to the need for ideological purity. [redacted]

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Supporters of family contracts have shown acute sensitivity to objections on ideological grounds, taking particular pains to prove that the family contract is fully compatible with socialism and is a "progressive" form of labor organization. Proponents point out that family contracts are merely a form of collective contract and that the land, all the means of production, and output obtained are the property of the state. The family team, they stress, is an integral part of the farm, subject to its control and included in its planning. The particularly touchy issues of the high earnings of contracting families is one that Gorbachev has directly confronted on a number of occasions. In his speech to the June 1987 plenum he mentioned the earnings of members of one particular family, adding emphatically, "And good luck to them! They earned them." [redacted]

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While important members of the leadership have spoken out in favor of family contracts, others have said little or nothing, indicating that Gorbachev's colleagues may not uniformly share his enthusiasm for the concept. Party secretary Yegor Ligachev, who has emerged as the spokesman for a more cautious approach to reform than Gorbachev, has been particularly outspoken in expressing his concern that experimentation with individual incentives not be allowed to overshadow traditional, socialized production methods. [redacted]

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Ligachev made a pro forma reference to family contracts in his speech to the January conference on collective contracts, but in other remarks he has expressed reservations about policies that might undermine the foundations of socialized agriculture. During a tour of a Hungarian household plot this April, for instance, he pointedly asked Hungary's Minister of Agriculture whether he did not think that the development of private plots had "exceeded" that of large-scale, state-owned farming. Ligachev expressed the same concern more strongly in a subsequent speech in Georgia in early June, reproving the Georgians for the fact that despite huge investments in the public sector of agriculture in Georgia, the productivity of private plots continued to be far higher and warning that such "preoccupation" was endangering the state sector. On this issue at least, the two top leaders seem to view things quite differently. While private plots are considered the personal property of farm families to be used as they wish and thus differ from farms operating under a family contract, critics of family contracts warn that such distinctions are likely to become blurred--a view Ligachev seems to share. Where

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Ligachev sees danger to the state sector in the success of private initiative, Gorbachev sees a valuable lesson of what could be accomplished if the same initiative were applied to agriculture as a whole.-5-[redacted]

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Re-examining the Role of Collectivization

The issue of family contracts has been brought into sharper focus by what is emerging as a larger debate over Stalin's forced collectivization in the 1930s. Gorbachev's support for various forms of private initiative has encouraged reformers to openly question not only the way collectivization was carried out but the rigid form that it took, particularly the exclusion of more democratic forms of cooperative property ownership. The leadership may be divided on this issue, with Ligachev again acting as the spokesman for a more orthodox position. In an article in the July 1997 issue of Problems of Peace and Socialism, he offered an uncompromisingly staunch defense of collectivization, taking direct issue with some reformers' contention that there had been no class enemy. "Collectivization was a revolutionary turning point," wrote Ligachev. "There was a class conflict and there was a class enemy--the kulaks." [redacted]

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While Gorbachev has not directly addressed the issue of collectivization in the 1930s, he undoubtedly supports much of the reformers' position because it provides justification for his effort to introduce greater flexibility into the socialized farm system. It is unlikely, however, that Gorbachev will push for a wholesale reappraisal of collectivization in view of the extreme sensitivity of this issue. Even Gosagroprom chief Vsevolod Murakhovskiy, who is a close Gorbachev associate and an avid proponent of family contracts and other forms of individual initiative, has defended collectivization. In a recent interview published in Sovetskaya Rossiya, he acknowledged that mistakes had been made in carrying out collectivization, but without it, he argued, "the country could not have created the industry to withstand the war."-6-[redacted]

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-5- In another section of his speech in Georgia, Ligachev also mentioned the problem of depressed mountain villages, but instead of noting the experiment in laissez-faire economics being tried there through the introduction of family contracting, he stressed that the solution to getting the villages back on their feet "lies in improving social and cultural conditions." [redacted]

-6- An article in Pravda on 9 August by reformist historian Viktor Danilov, may represent an uneasy compromise within the leadership on this issue. The article, which embassy officials in Moscow were told was printed on Central Committee orders, contains a detailed condemnation of the collectivization drive in the 1930s; criticizing in particular the illegal methods used, the unfair labeling of all successful peasants as kulaks and the outlawing of any true forms of cooperative ownership. The article concludes, however, with a defense of collectivization, saying that it "closed off the last sources and channels of class stratification and capitalist exploitation in the countryside," and "withstood the severest tests during the Great Patriotic War."

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Prospects

The present interest in family contracts is very much in tune with Gorbachev's pragmatic, cost-conscious, small-scale approach in agricultural policy. He is acutely aware of the burden that agriculture continues to place on the economy, frustrated that the Soviet Union is still unable to provide its people with a diet on a par with that of other industrialized countries in terms of quality and variety, and impatient with ideological reservations. He is more willing than some of his colleagues to adopt the adage: if it works, use it. [redacted]

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Gorbachev's increasingly strong support for family contracts suggests that he now sees a major role for them in getting agriculture on its feet. He probably does not envisage the abolition of the collective and state farm system, but if the family contract is introduced as widely as some Soviet spokesmen have begun to predict since the plenum, major changes in farm structure would inevitably be involved. Aleksandr Nikonov, President of the All-Union Academy of Agricultural Sciences and a close Gorbachev associate, made this clear in an August Sel'skaya zhizn article. The farms, he wrote, would fulfill the role of a cooperative, restricting their functions to the material and technical supply of subcontracting collectives, the organization of the processing and marketing of output, and the resolution of social questions. [redacted]

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Another member of Gorbachev's economic brain trust, Leonid Abalkin, made much the same point in a meeting with the Canadian Ambassador to the USSR following the June plenum. Suggesting how deep the internal agricultural discussion had gone, Abalkin said he thought they would keep collective farms. These would, however, be broken down into family and KIT team units. The collective farm proper, he said, would only provide functions that individual units could not do for themselves--like irrigation projects. Another economist writing in the 6 August issue of Pravda, suggested that it might even be wise in a number of cases involving chronically unprofitable farms in depressed, isolated areas, to eliminate them and permit families and other small units to contract directly with local state authorities. [redacted]

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The present thinking of Soviet agricultural reformers has undoubtedly been influenced by the success of private farming in other socialist countries, particularly China and Hungary. Abalkin, in fact, noted that he had just returned from a visit to China and was very impressed by what he saw. He and other reformers express doubts, however, that the Chinese experience can be directly adapted to Soviet agriculture. In the first place, the USSR is committed to large-scale industrialized agriculture, differing from China where much of agriculture is still primitive and almost entirely dependent on manual labor. Abalkin noted that family or other small units can not deal with problems like crop rotation or irrigation, a problem, he said, that the Chinese were beginning to run up against. Moreover, there is the basic difference that in China state farms or communes have been disbanded. The Chinese family contracts with the state and these contracts cover the sale of only a portion of Chinese farm production. Some grain and all nonstaples are now sold on the open market. [redacted]

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Hungary's experience with family contracts may be more relevant to the USSR because of Hungary's strong emphasis on developing a partnership between private and collectivized agriculture. The Hungarian success in integrating the private and public sectors on a mutually beneficial basis has had considerable influence on Soviet practice. For instance, authorities in Georgia, where some of the earliest publicized experiments in family contracting occurred, frequently have acknowledged their debt to Hungary. Hungarian farm managers, however, have far more independence in running their farms than their Soviet counterparts, as well as better access to production resources, which gives them greater flexibility in arranging the contracts and fulfilling their terms. [REDACTED]

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Whether family contracts in the Soviet Union can fulfill the role that its proponents see for it will ultimately depend--as the Hungarian experience shows--on the prospects for reform of the economy as a whole. This holds true for the future of all kinds of semiautonomous team contracting. Unless Soviet farm managers gain the kind of independence that their Hungarian counterparts have won, the family farm venture is not likely to flourish. As long as state and collective farm managers are under pressure to meet plan targets assigned from above, granting real independence to contracting teams--family or larger--will be difficult. The "proprietary" spirit that the regime claims to want to unleash is fragile, and past Soviet experience has proven that it takes only a little heavy-handed interference to kill it. [REDACTED]

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